

Sample Client Letter. Not Compliance Approved for Distribution.

This letter is intended as a sample and has not been approved by compliance for distribution. As with any client directed communications, you must first obtain approval from your compliance department prior to distributing.

Dear Client,

Main Street Financial charges different fees for its various services:

Initial Financial Plan - the fee for this one-time service ranges from \$2,000 to \$10,000. During the free introductory meeting, a specific fee will be quoted to you based upon the expected time and complexity of the initial planning engagement. Before the engagement begins, you will be required to sign the Initial Planning Agreement, which will confirm the fee in writing. The entire fee will be due upon completion of the initial financial plan.

After the initial financial planning engagement, you will have a choice of three different services:

On-going Financial Planning and Asset Management - the annual charge for this service is 1.00% of assets under management for amounts up to \$1,000,000, 0.75% for amounts between \$1,000,000 and \$2,000,000, and 0.60% for amounts over \$2,000,000. The term assets under management refers to assets that are held in one or more brokerage account(s) where ABC has a Limited Power of Attorney on the account(s). This fee schedule is negotiable based upon portfolio size and other business considerations. You will be required to sign both the On-going Planning Agreement and the Investment Advisory Agreement. Fees will be paid quarterly, in advance. The minimum quarterly fee for this service is \$1,000. Fees for the first quarter will be prorated. You may terminate this service at any time and a pro-rata refund (by day) of any fees paid will be made to you.

OR

On-going Financial Planning - the fee for this service ranges from \$X - \$X annually. This fee will be decided at the conclusion of your initial planning engagement, and it will be based upon the expected time and complexity of the services required. You will be required to sign the Ongoing Planning Agreement, which will confirm the fee in writing. Fees will be paid quarterly, in advance. You may terminate this agreement at any time and a pro-rata refund (by day) of any fees paid will be made to you.

OR

Implementation Assistance - the fee for this service is \$X per hour. We do not require a formal agreement for this service.

We look forward to working with you and being of your service. If you have any questions, please feel free to call us at (555) 555-5555.

Sincerely,

Attach: Client Agreement for Planning Services
Document Checklist

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Dear Client,

Main Street Financial will assist you in evaluating and monitoring the important decisions relative to your [investment / retirement] [estate conservation] [business succession] [employee benefits] strategy. The services we will provide are limited to those listed below.

Please allow this letter combined with the attached Client Agreement to serve as a summary of the financial planning we propose to render to you.

We Will:

Work with you to collect and summarize your personal and financial data to help you ascertain your financial needs and goals, to review with you your financial situation in light of those needs and goals, and to develop a plan summarizing this material and suggesting strategies you may use to pursue your financial goals. In providing these services, we will not make recommendations on specific investments or products or analyze particular securities. Rather, plan recommendations will be general and strategic in nature, based principally on your current financial situation and your stated goals and objectives.

Analysis and services in the particular areas that you have selected include:

Retirement / Investment Planning

- Analyze your present retirement plans, including company sponsored profit sharing, 401(k) and pension plans or self-employed arrangements, and how they meet your projected retirement needs.
- Determine whether your projected resources will be sufficient to fund the desired level of retirement (as provided by you or consistent with your objective).
- Identify additional retirement planning opportunities where appropriate.
- Evaluate whether or not the taxes on qualified plan distributions may be an issue and whether your qualified retirement funds will be needed to meet your income objective. Determine whether or not your objectives are attainable in the event of a long term disability or premature death of you or your spouse.
- Evaluate current investment strategy in relation to your objectives and personal risk tolerance and recommend reallocations of monies as needed.
- Identify and discuss alternatives to reduce income tax liabilities, as they relate to your investments.
- Develop a personal cash flow statement to anticipate future cash flow needs and identify the capacity for future wealth accumulation.
- Assist in developing a comprehensive asset allocation and marketplace diversification strategy that is tailored to your specific objectives.
- Ensure coordination of your investment plan with the remainder of your financial planning.
- Estate Planning (Conservation and Distribution)
- Analyze present estate distribution plan.
- Determine the effectiveness of your present plan and recommend changes as needed.
- Coordinate with your business succession plan.
- Illustrate alternatives that would help reduce or eliminate estate taxes.
- Discuss asset management assistance needs for your family and illustrate how management flexibility can be made available to your family.

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- Discuss methods to minimize estate taxes in the future through use of estate reduction techniques.
- Illustrate the economics of the several options available to pay estate taxes.
- Illustrate options to equalize or distribute assets among your children per your objectives.
- Establish procedures to help reduce administration costs of estate settlement.
- Explore planned charitable and non-charitable giving techniques as methods of estate conservation and distribution, if appropriate.
- Discuss coordination of annual exclusion and unified gifting programs.
- Review existing life insurance contracts. Focus on ownership and beneficiary designation of contracts. Evaluate the costs/benefit relationship of your existing contracts. Determine whether contracts will avoid estate taxation.
- Determine the best strategy for selecting beneficiaries for your IRAs to minimize the impact of income taxes at death.

Corporate Benefit Planning

- Analyze Present Planning (excluding retirement).
- Determine how to get Maximum Effectiveness.
- Coordinate plan with other benefits.
- Check assignments and beneficiaries.
- Discuss ways to maximize cost effectiveness.
- Discuss ways to minimize taxes (both state and federal).
- Refer to deferred compensation agreement and maximum utilization.

Corporate Stock and Planning

- Analyze stock performance (and dividend if applicable).
- Alert client to Morningstar report on stock.
- Align options in organized fashion.
- Analyze redemption alternations with stock fluctuations.
- At redemption, discuss where new assets should be placed.
- Discuss redemption effects on Estate Planning.

Our fee for providing the above referenced services is X. The fee is payable as follows: 50% when the agreement is signed and the balance due upon satisfactory deliver of your plan. Checks should be made payable to "Main Street Financial".

To begin the process, in addition to the information already provided, please furnish the documents listed on the checklist that we have provided.

We look forward to working with you and being of your service. If you have any questions, please feel free to call us at (555) 555-5555.

Sincerely,

Attach: Client Agreement for Planning Services
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